

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6504
BILL NUMBER: SB 312

DATE PREPARED: Apr 7, 2001
BILL AMENDED: Apr 5, 2001

SUBJECT: HIV Testing of Pregnant Women.

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FUNDS AFFECTED: <u>X</u>	GENERAL	IMPACT: State & Local
<u>X</u>	DEDICATED	
<u>X</u>	FEDERAL	

Summary of Legislation: (Amended) This bill specifies that a pregnant woman must be informed that she will be tested for HIV unless she refuses and that she has a right to refuse the test. The bill specifies certain information regarding HIV testing, transmission, prevention, and treatment that must be provided to a pregnant woman. The bill also specifies that information regarding the HIV testing status of a woman must be included on the confidential portion of the birth certificate or stillbirth certificate of the woman's child. It requires the results of the tests to be confidential. The bill repeals a portion of a current law pertaining to voluntary HIV testing for pregnant women. It also requires the State Department of Health to develop and distribute written materials explaining treatment options for individuals who have a positive HIV test.

This bill also requires that the medical examination given to an individual committed to the Department of Correction after June 30, 2001, include tests for hepatitis C and the human immunodeficiency virus (HIV). It requires a confirmatory test if a screening test indicates the presence of HIV. The bill allows the Department of Correction to require individuals committed to the Department before July 1, 2001, to submit to hepatitis C and HIV tests. The bill also requires the Department of Correction to report positive HIV test results to the State Department of Health. It provides that results of the hepatitis C and HIV tests are confidential unless otherwise provided by law. The bill further requires the Department of Correction to file an annual report regarding certain statistical information regarding hepatitis C and HIV tests with the Executive Director of the Legislative Services Agency. The bill provides that consent of the individual tested is not required.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) *Impact on Medicaid Program and State Employee Health Insurance:* The fiscal impact of testing requirements for pregnant women to the state is estimated to be the following: (1) The annual impact for those women and children in the Medicaid Primary Care Case Management (PCCM) program is estimated to be \$114,600. (2) In addition, while there is no short term impact to the state for individuals in the Medicaid Risk-based Managed Care (RBMC) program, increased

costs of about \$38,500 would likely be factored into higher capitation rates in the future. (3) There would also be additional annual costs to the health plans providing benefits to state employees estimated to be about \$14,000 (The state would be responsible for 93.5% of any additional costs experienced by the traditional insurance plans or passed on to the state by the managed care plans).

Background: This bill requires each pregnant woman, with the approval of the woman, to be tested for HIV. The bill requires that a blood sample be taken from a woman at the time of delivery if there is no written evidence that the woman was tested for HIV during her pregnancy. The bill also requires the newborn to be tested if the mother has refused to be tested. It is estimated that in FY 2000, Medicaid paid for about 45,200 deliveries. It is also assumed that 20% of these women and newborns are enrolled in the Medicaid RBMC program for which the testing costs would be covered under a capitated rate. 80% of the individuals, however, receive Medicaid services under the PCCM system, which is a modified fee-for-service system. Therefore, Medicaid will be responsible for an estimated 37,000 HIV tests under the PCCM system. The state share of Medicaid is projected to be about 38%.

In FY 2000, Medicaid paid for a total of 13,107 (*updated*) HIV tests for women who received pregnancy-related services under the PCCM Program option (the non-risk-based managed care group). There is no relationship between the HIV testing done and the birth claims that were processed during the same fiscal year. However, this information does indicate that screening in Indiana may not be done at the rates reported for the country as a whole. One national source estimates that 75% of pregnant women who are receiving prenatal care are offered HIV tests and about 80% of that group accept the test. The HIV testing statistics based on claims paid by the Indiana Medicaid Program indicate that the testing percentage may be as low as 35%. However, it should be noted that there may have been more screening performed on pregnant Medicaid recipients by providers or clinics that did not bill Medicaid. The extent of the confidential screening being performed outside the Medicaid Program is unknown.

It is assumed that the cost of the collection and initial HIV test is \$12.50, with the state share being \$4.75. If all of the PCCM-covered 37,000 women or newborns are tested, and we assume that 13,100 of this group is already being tested, the annual incremental state share of the HIV test would be \$113,500. If an individual tests positive on the initial test, the test will have to be administered a second time. It is estimated that 43 babies were born exposed to HIV in 1996 in Indiana. Using the percentage of Medicaid babies to total babies born, it is estimated that at least 24 Medicaid-eligible pregnant women or newborns would need to be tested a second time. The cost of the second collection and laboratory test to the State would be about \$115.00 (24 x \$4.75). If the test is positive a second time, the Western Blot test is used to determine HIV-positive status. The collection and laboratory cost of the Western Blot test is estimated to be \$123.07 with the state share being approximately \$46.75. The cost to the state to test the 24 estimated HIV-positive pregnant women or newborns is estimated to be \$1,122.00 (\$46.75 x 24). The total estimated state share of testing Medicaid-eligible pregnant women or the newborn babies under the PCCM plan would be approximately \$114,600.

About 20% of the Medicaid eligible women and newborns are enrolled in the risk-based managed care program for which the testing costs would be covered under a capitated rate. While there is no short term impact to the state for the individuals in the RBMC program, increased costs of about \$38,500 would likely be factored into higher capitation rates in the future. This analysis assumes that no HIV testing is currently being done on this population; (the existing cost is assumed to be included in the PCCM group). In practice some portion of the existing test expense may already be included in the existing capitated rates.

The bill requires that a blood sample is to be taken from the woman at the time of delivery if there is no written evidence that the woman was tested for HIV during her pregnancy. The Department of Health reports

that this provision may result in duplicate testing since the mother's prenatal care chart may not be received by the hospital prior to the delivery for a variety of reasons. The extent to which this situation occurs is unknown.

Potential Savings: Recent medical research has determined that administering the drug zidovudine (ZDV, formerly known as AZT) during pregnancy and childbirth could reduce by two-thirds the chance that an HIV positive mother would give birth to an infected child. If the HIV-positive Medicaid-eligible women are treated during pregnancy, there could be a reduction in the number of Medicaid-eligible babies with HIV offsetting some of the expenditures for testing. The Health Care Financing Administration (HCFA) reported in 1998 that 90% of children and more than 70% of women with AIDS are covered by Medicaid. The average total lifetime charges for the care of children with HIV infection was estimated at \$491,963 in the *Pediatric Infectious Disease Journal*, June 1997. This estimate was based on a child's median survival time of 120 months and the cost of both hospital-based and outpatient charges.

Impact on State Employee Health Plans: The initial costs to the state employee health plans from the testing required by this bill is estimated to be about \$14,000 per year. These estimates are based on about 900 covered births on the state plan in CY 2000. By agreement with the state employees, the state pays 93.5% of any increase in the premiums for employee group health plans during the life of the agreement. This analysis assumes that no HIV testing is currently being done on this population.

Impact on State Department of Health: The bill requires the State Department of Health to develop written materials that explain the treatment options available to an individual who has tested positive for HIV. The written materials are required to be distributed to physicians statewide. The cost of developing and distributing these materials can be absorbed within the existing budget. The bill also requires the Department to include certain information regarding HIV testing of the mother of the child on the birth certificate. (*This information is kept within the Department of Health. It is not printed on the public copy of the birth certificate.*) The Department estimates that an additional \$10,000 will be needed to change the electronic birth certificate, reprint birth certificates, and provide training to local health departments.

Corrections Provisions: The cost for screening offenders for Hepatitis C is currently \$8.40 per test, and a confirmatory test for a positive screening test is \$112. The cost projection per HIV test is approximately \$5 for a screening test and \$50 for a confirmatory test. Currently, the Indiana State Health Department covers the expense of the HIV tests while collection costs are absorbed by the Department of Corrections.

Screening Tests: The number of adult and juvenile offenders who were admitted to DOC facilities in FY 2000 was 13,869. The Department of Correction reports that currently about 2,500 offenders are currently given HIV tests. Using this admissions figure and netting out the number of offenders who currently request HIV tests, the additional costs of the initial test would be \$173,285.

Confirmatory Testing: Unless a random sample is obtained, it is impossible to identify how many confirmatory tests are required. Two surveys have indicated that about 1% of the offenders entering DOC have tested positive for HIV. If 1% of the offenders entering DOC in the next year test positive and a confirmatory test must be performed for these offenders, the estimated cost would be \$6,934 for individuals testing positive for HIV. This bill does not require a confirmatory test for individuals who test positively for the initial Hepatitis C test.

Screening Existing Population: The total number of offenders who were in DOC facilities as of September 30, 2000, was 17,989, including jails and contracted beds. If this entire population was tested for both HIV

and Hepatitis C, the additional cost is estimated to be \$241,053. If DOC retests offenders with positive outcomes, the additional cost would be \$8,995, assuming that 1% of the offenders would test positive.

As of July 25, 2000, DOC estimates that 133 offenders within the existing inmate population have been diagnosed with HIV and that 418 offenders have been diagnosed with Hepatitis C.

Explanation of State Revenues:

Explanation of Local Expenditures: *Required HIV Screening of Pregnant Women:* Similar to the state, increased premiums and enrollment fees may result in additional costs to local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. However, this may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would have been granted before.

Explanation of Local Revenues:

State Agencies Affected: All; Family and Social Services Administration; State Department of Health; Department of Corrections.

Local Agencies Affected: Local Governments and School Corporations, Local Health Departments.

Information Sources: Carroll Causeway, Indiana State Medical Association; State Department of Health; Institute of Medicine's report on Prenatal Testing for HIV; National Conference of State Legislatures, *HIV/AIDS Facts to Consider: 1999*.